

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 90-641-C - ORDER NO. 91-50

JANUARY 24, 1991

| | | | |
|--------|-------------------------------------|---|-------------|
| IN RE: | Application of Comtelco, Inc. dba |) | ORDER |
| | TMC of Tri-Cities for a Certificate |) | GRANTING |
| | of Public Convenience and Necessity |) | CERTIFICATE |
| | to Operate As a Reseller of |) | |
| | Telecommunications Services within |) | |
| | the State of South Carolina | | |

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed on September 20, 1990 by Comtelco, Inc. D/B/A TMC of Tri-Cities (the Company) seeking a Certificate of Public Convenience and Necessity to operate as a reseller of telecommunications services within the State of South Carolina. The Company is a reseller of telecommunications services incorporated in the State of Kentucky.

The application was filed under the provisions of S.C. Code Ann. Sections 58-9-280 and 520 (1976) as amended. The application was duly noticed to the public and Petitions to Intervene were filed on behalf of Southern Bell Telephone and Telegraph Company (Bell) and Steven Hamm, the Consumer Advocate for the State of South Carolina (the Consumer Advocate). However, Bell withdrew its intervention upon agreement with the Company.

A public hearing relative to the matters asserted in the Application was held in the Hearing Room of the Commission at 111 Doctors Circle at 11:00 a.m., on Tuesday, January 19, 1991 before

the Commission, with Chairman Marjorie Amos-Frazier presiding. Arthur G. Fusco, Esquire, appeared for the Company; Carl F. McIntosh, Esquire, appeared on behalf of the Consumer Advocate; and Sarena D. Burch, Staff Counsel, appeared on behalf of the Commission Staff.

The Company presented the testimony of Charles R. Mifflin, Secretary/Treasurer of Comtelco, Inc. Mr. Mifflin outlined the Company's legal, financial and managerial qualifications, as well as its technical capabilities.

Based on the evidence in the record, the Commission makes the following findings of fact and conclusions of law:

1. Comtelco, Inc. is a Kentucky corporation which seeks to provide resale telecommunications services. These services are primarily designed for small commercial customers.

2. Comtelco, Inc. has the financial resources to provide adequate telecommunications services as described in its Application, in other documents filed with the Commission, and in the testimony of witness Mifflin.

3. The Company herein has shown itself to be fit, willing, and able to provide resale telecommunication services and that therefore it should be granted a Certificate of Public Convenience and Necessity to provide these services.

4. The Company shall block or switch to the LEC all intraLATA calls which are attempted over its network. If the Company incidentally or accidentally completes any intraLATA calls, the LEC should be compensated as ordered by the Commission in Order No. 89-793, issued August 5, 1986, in Docket 86-187-C

5. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted by the Commission. IN RE: Application of GTE Sprint Communications Corporation, etc., Order NO. 84-622, issued in Docket 84-10-C, on August 2, 1984. The Commission herein adopts the rate design for the Company which includes only a maximum rate level for each tariff charge.

6. While the Commission is conscious of the need for resellers to adjust rates and charges in a timely manner to reflect the forces of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate provisions for filing rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers, would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of the S.C. Code Ann. Section 58-9-540 (Cum. Supp. 1989).

7. The Company is required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket 87-483-C. The proper form for these reports should be Attachment A, hereto.

8. Tent cards shall be provided by the Company to its hotel customers, if applicable. These cards shall be distributed to the

guests at these hotels to inform them that Comtelco, Inc. is providing the telecommunication service.

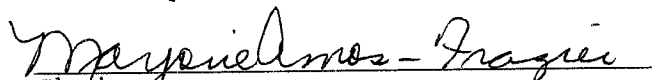
9. The Company is subject to any applicable access charges pursuant to Commission Order No. 86-584 in which the Commission determined that resellers should be treated similarly to facility based carriers for access charge purposes.

10. Comtelco should be authorized to provide intrastate interLATA service through the resale of Wide Area Telecommunications Service (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service (FX) and Private Line Service, or any other service authorized for resale and reflected as such in tariffs of facilities-based carriers certificated by this Commission.

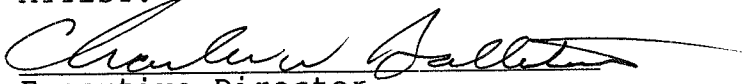
11. The Company may only use such underlying facility carriers for the provision of intrastate telecommunications service as are certified by the Commission to provide such service, and the Company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its underlying carrier.

12. The Company should be required to file tariffs reflective of the finding and provisions herein within thirty (30) days of the date of this Order.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director
(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).